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H - 3234

International Court of Justice

USA-647 (3731-PS)

H3234 – 0003

OFFICE OF U.S. CHIEF OF COUNSEL

STATEMENT OF SCHWERIN VON KROSIGK, at [illegible], 24 September 1945.

Interrogated by Lt.Col. W.I. GRIFFITH, Office of US Chief of Counsel
Reported by Miss Evelyn Low, Office of U.S. Chief of Counsel.

Q. You were Finance Minister of the Reich from 1932 to 1945?

A. Yes.

Q. In connection with your duties did you have occasion to confer about the armaments program of the Reich?

A. I had.

Q. Beginning what year?

A. Well, it is somewhat difficult to state a year because it is difficult to state the date after which one could state that real re-armament took place instead of t he so-called works program, because it was gradual development. I think that I could say that the first discussions about re-armament took place in 1935 because in that year Field Marshal von Blomberg told Mr. Schacht and me that we had to reckon with the general conscription and that of course in the course of t he general conscription the costs of armament would increase.

Q. Now, before that, during the years 1933 to 1935, was there not a secret armaments budget?

A. There was a secret armaments budget as had been also before 1933 with the difference to t he time before 1933 that the costs of armament did not remain stationary but increased but they increased only rather slightly during 1933 and 1934 and the first year with greater increasement was 1935.

Q. Did you at any time receive any instructions from Hitler as to the re-armaments program ?

A. He spoke in a quite general way about re-armament in the meetings of the Cabinet in the years 1935, 36 and 37. The last year in which we had a meeting of the Cabinet.

Q. What did he say in substance?

A. Well, in reality, he repeated the things he also said in his public speeches, that after the resultnesslessness with which he tried to come to a general disarmament we now only, Germany, had the one way to come to the same armament the nations on our frontiers in west and east had, that was the general idea.

H3234 – 0004

Q. These were general meetings of the Cabinet at which all Ministers were present?

A. Yes.

Q. Did Hitler ever give you any specific instructions about financing the armaments program?

A. As far as I remember, I have had once, conversation with Hitler in the presence of Field Marshal von Blomberg. The topic was the occupation of the dismissed non-coms but during this conversation we also spoke about th general topic of financing re-armament but without any special instructions.

Q. When was that?

A. I think it was 1936 but I am not quite sure.

Q. Did you ever attend a meeting with Hitler at which were present Blomberg and Schacht?

A. No, I am not quite sure. I remember perfectly well meeting with Hitler and Schacht about the financing of the Reichsautobahn but I am not sure whether I have had a meeting with Blomberg, Schacht and Hitler on the topic of financing re-armament.

Q. Well, we will leave that for the moment. In any event you began to have meetings with Blomberg and Schacht concerning the financing of the armaments program, beginning, I believe, you said, in 1935?

A. Yes.

Q. Now, please tell us the discussions that took place the first time that you had this meeting.

A. These discussions during the years always took place in about the same way. The Field Marshal von Blomberg and later on the Field Marshal Keitel, told us the sums which for the following budget year the Minister of War thought to be necessary and then we discussed how these sums eventually could be financed. I made a statement on the probable income of taxes. Schacht said that he thought that probably we would be able to get a certain sum of treasury bills taken by the banks and that he could be able to finance a certain sum with the aid of the Reichsbank and if these two sums, the one sum which the Army wanted to have and the sums which we thought we could get, didn't suit, then, of course, there was a long discussion with the aim to come together and the result was in most cases that the Minister of War said "Well, I put down the amount I wanted to have and I will try to get through with the lower amount" and we said "Well, we will try to finance this sum, if it should prove not to be possible during the year, then we will meet again during the year and discuss what is going to happen." I think it was in 1936 that according to Motion made by Mr. Schacht we found the way of the Mefo bills and also according to Motion of Mr. Schacht we thought that we could go to the amount of 12 billion Mefo bills.

Q. Now, that sum of 12 billion marks of Mefo bills, how was that limit fixed? Was it based on the technical estimate of the capacity of the Reichsbank to finance or was it based on some other ground?

A. No, it was merely based on the technical capacity of the Reichsbank and Schacht said that he merely could estimate or could feel the possible height of this figure.

Q. And was there any discussion as to what alternative methods of financing should be employed when the ceiling of 12 billion marks through Mefo bill financing had been reached?

A. Not in the beginning because we then didn't know how long this amount of 12 billions would reach. In the moment as we saw that it would come to an end in a certain time we discussed the new methods of financing and we came to the result that in the first place we would have to increase the revenue of taxes and so we came to a resolution of increasing the corporation taxes.

Q. Was Dr. Schacht a party to this discussion about increasing the corporation taxes as a means of financing re-armament?

A. Yes.

Q. Would you say that at a time came whenit was clear that you were going to reach shortly the 12 billion figure. Can you recall how much had already been financed through Mefo bills at that point?

A. As far as I remember, it was at the time when the expenditures had reached the sum of 9 billions.

Q. Now, that co-icided with the ending of the 4 year term of Dr. Schacht as President of the Reichsbank - he was appointed in 1933 for 4 years, ending in 1937. Now, did Schacht discuss with you at that time whether or not he should assume again the presidency of the Reichsbank?

A. I don't think that he discussed it with me but as far as I remember I have heard from Dr. Berger who always was on good terms with Mr. Schacht and with the other gentlemen of the Reichsbank that he was doubtful whether he should again take the duty for four years or whether he should take it only for one year to see what would happen in this year.

Q. What reasons were given to you by Dr. Berger and others as to why Schacht said that he was debating whether or not to take a 4 year term or a one year term as President of the Reichsbank?

A. As far as I remember the reason was the conflicts which had arisen between Schacht and Goering and between Schacht and Darré. This conflict was due to various technical differences. But these differences led also to a personal difference, especially between Schacht and Goering.

H3234 – 0005

Q. And I believe you told me that there was resentment on the part of Schacht over the economic powers that Goering had been given by Hitler?

A. By Hitler because ~~he~~ Schacht thought that these economic powers of Goering led to conflicts, ~~that is~~, powers as Minister of Economy or as President of the Reichsbank.

Q. In your discussions with Berger, was anything saidabout Schacht's attempt to regain the power over the Economy that he had lost to Goering?

A. I am not quite sure whether it was in conversations with Dr. Berger but I remember that in conversations with him or with other persons this reason then wasdiscussed.

Q. Let me ask you, did you ever discuss it with Keppler?

A. I don't think I did. It's possibl but I don't think I did.

Q. Who were these other persons, as you can remember?

A. Well, it is possible that I spoke about it with other Ministers, with Neurath, or Seldte, or Gertner, but I don't know.

Q. Well in any event, is it clear that prior to the time when the last three billion financing by the Reichsbank of the Mefo bills were started, that everybody concerned knew that this was to be the last financing of Mefo bills. Did you understand that?

A. Yes. Well, I will put it in that way. I think that certainly Mr. Schacht said that it was his intention not to go beyond the sum of 12 billion Mefo bills.

Q. What I mean is, there was no new crisis so far as you recall in the xxx 1937/1938 period because as you explained it, it was already understood before that that the sum of 12 billion would be the limit?

A. Yes.

Q. Now, do you know anything of the circumstances under which Schacht finally resigned or was put out as president of the Reichsbank in January 1939.

A. Yes. Of course I am not quite sure whether the incident which I am going to tell was the real reason that Schacht resigned but it certainly was a ground that gave the start. I asked Mr. Schacht to finance for the Reich for the ultimo of the month the sum of 100 or 200 millions. It was this quite usual procedure which we had used for years and years and we used to give back this money after a couple of days. Schacht this time refused and said that he was not willing to finance a penny because he wanted that, as he said, it should be made clear to Hitler that the Reich was bankrupt. I tried to explain that this was not the proper ground to discuss the whole

H3234 – 0006

question of financing because the question of financing very small sums for a few days during which never would bring Hitler to the conviction that the whole xx financing was impossible. As far as I remember now it was Funk who told Hitler something about this conversation, then Hitler asked Schacht to call upon him. I don't know what they said but the result certainly was the dismissal of Schacht.

Q. Now, did Schacht ever say anything to you to the effect that he wanted to resign because he was in opposition to the continuance of the re-armament program.

A. No, he never said it in this specific form but in some conversations he certainly said several times in his own way when he had conflict with Goering and anger with Darré, so that I didn't take these things very seriously.

Q. Well, let me put it this way and please think carefully about this. Did Schacht ever say that he wanted to resign because he realised that the extent of the re-armament program was such as to lead him to the conclusion that it was in preparation for war rather than for defence?

A. No, he never did.

Q. Was Schacht ever quoted to you to this effect by any of your colleagues or by anybody else?

A. No.

Q. Now, after Keitel took over the position of Chief of the Wehrmacht, there were still meetings between Schacht and yourself, with Keitel in place of Blomberg?

A. Yes.

Q. Did Schacht ever say anything at these meetings to indicate that except for the technical question of the financing through the Reichsbank directly he was opposed to a further program of re-armament or opposed to the budget of the Wehrmacht?

A. No, I don't think he ever did.

Q. Is that your best recollection?

A. ~~Suppose~~ It may have been that he explained to Keitel that in his opinion the amount of re-armament could lead to economic difficulties especially as regards the level of prices.

H3234 - 0007

Q. You mean that the pressure of armaments purchasing and the shortage of goods created thereby might cause a rise in prices?

A. Yes but I only stress this, that all the reasons I heard from Schacht as regards re-armament always were technical or economic reasons.

Q. Let me ask you one other thing. At the first meetings in 1935 between Blomberg, Schacht and yourself, Schacht has stated that at those meetings no fixed amounts were discussed in any form and that he was asked whether the Reichsbank would participate in the financing of re-armaments without discussion as to the amount involved. Is that also your recollection?

A. Yes, because that leads to the certain difference of opinion I had in the beginning.

Q. Please explain that.

A. I had the opinion that we should try to come to fix a certain sum for re-armament, if possible for some years. Schacht as well as Blomberg had the opinion that that was not possible and Schacht always thought that the natural limit for re-armament was the capacity of labor and the capacity of industry to produce. I always thought that the limit by fixing a certain sum would be more effective as it would lead the Minister of War to more careful thrift. So we then came to the arrangement to fix a sum not for several years but always for one year. Now, I am not quite sure for which year we fixed the sum in this way.

Q. The net result of that was, however, that it enabled you to make larger expenditures in the event that the capacity of industry and labour and resources increased. In other words, that you did not have a definite limit set in advance from the financing point of view, which would have restricted the possibilities.

A. Well, for one year, yes.

An exact original, as corrected, was signed after reading by von Krosigk on 29 September 1945 at Oberursel in the presence of the undersigned

M.I.Gurfein, Lt.Col. E.D.Low.

Sworn to before me this twenty-ninth day of September 1945

Murray I, Gurfein, Lt.Col. AUS.

H3234 - 0008

H3234 - 0009

OFFICE OF CHIEF OF COUNSEL FOR WAR CRIMES

EVIDENCE DIVISION

Date : 22 July 1948

I certify that Document Number 3731-PS was introduced into evidence as Exhibit Number USA-647 in the Trial by the International Military Tribunal of Hermann GOERING, et al, which commenced on 20 November 1945, and that the attached photostat is a true and correct copy of the original.

Fred Niebergall

Fred NIEBERGALL
Chief, Document
Control Branch.

H3234 - 0010

C E R T I F I C A T E

I hereby certify that the annexed document 3431-PS No. USA - 647 is a photostat of an original document submitted in evidence by the United States Prosecution under this number. The original document has been withdrawn in accordance with Rule 10 of the International Military Tribunal, and to the best of my knowledge and belief is to be held at the National Archives, Washington D.C. .

Nuremberg, 6 July 1948

Paul Joosten

PAUL A. JOOSTEN

General Secretary
International Military
Tribunal

H-3234

3731-PS

USA-647
(3731-PS)

J: S. VON KROSIGK, 24 Sept. 1945.

Exhibit USA 647 (3731-PS)
Filed Jan. 11, 1946
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H3234 – 0011

H3234-0012

5. Pages